

## GOVERNMENTAL OPERATIONS

Agency 102

### Department of Financial Institutions

#### Recommendation Summary

Dollars in Thousands

	Annual FTEs General Fund State	Other Funds	Total Funds
<b>2013-15 Expenditure Authority</b>	190.9	47,960	47,960
<b>Total Maintenance Level</b>	194.1	49,214	49,214
Difference	3.2	1,254	1,254
Percent Change from Current Biennium	1.7%	2.6%	2.6%
<b>Performance Changes</b>			
Enhance Consumer Services Exams	3.5	601	601
Enhance Licensing Oversight	1.2	282	282
CTS Rate Adjustment		(236)	(236)
Archives/Records Management		(1)	(1)
Legal Services		11	11
Office of Chief Information Officer		3	3
CTS Central Services		49	49
DES Central Services		5	5
Core Financial Systems Replacement		10	10
Time, Leave and Attendance System		13	13
State Public Employee Benefits Rate		234	234
Nonrepresented Job Class Specific Increases		698	698
General Wage Increase for State Employees		1,292	1,292
<b>Subtotal</b>	4.7	2,961	2,961
<b>Total Proposed Budget</b>	198.8	52,175	52,175
Difference	7.9	4,215	4,215
Percent Change from Current Biennium	4.1%	8.8%	8.8%
<b>Total Proposed Budget by Activity</b>			
Agency Management and Administrative Services	8.1	3,445	3,445
Chartering, Licensing and Registration	32.9	6,854	6,854
Education and Public Outreach	2.2	1,846	1,846
Enforcement	46.5	13,147	13,147
Examinations	109.1	26,883	26,883
<b>Total Proposed Budget</b>	198.8	52,175	52,175

#### PERFORMANCE LEVEL CHANGE DESCRIPTIONS

##### Enhance Consumer Services Exams

Additional expenditure authority is provided to meet the mandated number of examinations conducted each year to maintain Conference of State Bank Supervisors accreditation and improve consumer protections. (Financial Services Regulation Account-Nonappropriated)

## **GOVERNMENTAL OPERATIONS**

### **Enhance Licensing Oversight**

The department will address the increasing number of licensees and unfamiliar business models to help maintain Conference of State Bank Supervisors accreditation. (Financial Services Regulation Account-Nonappropriated)

### **CTS Rate Adjustment**

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

### **Archives/Records Management**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

### **Legal Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

### **Office of Chief Information Officer**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

### **CTS Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

### **DES Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

### **Core Financial Systems Replacement**

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

### **Time, Leave and Attendance System**

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

### **State Public Employee Benefits Rate**

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

### **Nonrepresented Job Class Specific Increases**

Funding is provided for classified state employees who are not represented by a union for pay increases in specific job classes in alignment with other employees. (General Fund-State, various other accounts)

### **General Wage Increase for State Employees**

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

## **ACTIVITY DESCRIPTIONS**

### **Agency Management and Administrative Services**

The Division of Administration provides administrative and advisory services for the Department of Financial Institutions. These services include policy and legal advice, human resources, financial and budgeting functions.

### **Chartering, Licensing and Registration**

The Department of Financial Institutions evaluates and approves new applications, mergers, conversions, branches, and corporate governance changes for banks and credit unions. The department also conducts licensing, registration, and exemption activities for financial entities, such as broker dealers, investment advisers, securities issuers, escrow officers, mortgage brokers and loan originators, payday lenders, money transmitters, currency exchangers, and consumer loan companies.

### **Education and Public Outreach**

The Department conducts education and outreach activities for consumers and stakeholders. Activities include presentations, town meetings, and press conferences addressing consumer and industry concerns; Internet-based information; and interactive programs.

### **Enforcement**

The Department conducts various types of supervisory, surveillance, and enforcement activities to detect and take corrective action for violations of the regulatory and anti-fraud statutes applicable to financial institutions. Activities include processing complaints, doing investigations, and taking appropriate actions against banks, credit unions, and other financial entities. Additional enforcement functions include coordination and assistance to other law enforcement agencies and prosecutors and providing testimony in courts of law.

### **Examinations**

The department performs several types of examinations. The three primary examinations are compliance and for-cause examinations of financial entities; safety and soundness examinations of banks, credit unions, debenture companies, money transmitters, trust companies, Small Business Association (SBA) lenders, and industrial development corporations; and information system examinations of banks and credit unions.